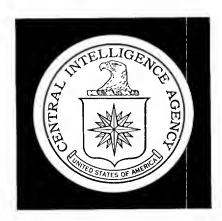
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DIRECTORATE OF INTELLIGENCE

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NORTH VIETNAM: Hanoi's senior negotiator at the Paris talks, politburo member Le Duc Tho, is due to return to Paris today, after an absence of over a year.

Tho has been in Moscow for the past few days, seemingly en route to Hanoi following the East German party congress last week. The North Vietnamese delegation in Paris told newsmen yesterday, however, that he was coming to Paris in his role as "special adviser" to the delegation; they did not say how long he would stay.

Tho participated in the negotiations in late 1968 that led to the US bombing halt and to the expanded quadripartite format at the talks. He left the talks in July 1969, but returned to Paris to head North Vietnam's delegation to the French party congress in February 1970. Although he stayed on long after the congress had ended—for some nine weeks—nothing of consequence emerged while he was in Paris, and he returned to Hanoi soon after the Cambodian crisis broke in the spring.

Tho's return to Paris comes at a time when the North Vietnamese are most unlikely to believe there is any hope of nudging the talks forward in some meaningful way. Tho's return might be part of Hanoi's effort to encourage American critics of US policy who argue that setting a troop withdrawal date is the way to end American involvement in Vietnam and to get back American prisoners. Now that the US Senate has passed a resolution calling for a troop withdrawal deadline linked to release of American prisoners, the Communists may be ready to float a more specific commitment to release prisoners in response to curtailment of US involvement in Viet-Hanoi might calculate that such a move would place the Nixon administration in an awkward position, stimulate support for a withdrawal deadline, and have an unsettling effect in South Vietnam. the other hand, Tho may simply sit still in Paris as he did early last year in the hope that his mere presence will be enough to generate fresh pressures on Washington and Saigon.

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COMMUNIST CHINA - US: Chou En-lai's comments to American newsmen in Peking on Sino-US relations offer nothing new in substance, but are presented in the most conciliatory tone since the mid-1950s.

Chou focused on the American military presence on Taiwan and in the Taiwan Strait as the key problem between China and the US. He remarked that if US forces were withdrawn and Washington no longer "considers Chiang Kai-shek as the representative of China," all other problems would be solved and the establishment of diplomatic relations with Washington would follow. It would not even be necessary, according to Chou, for the US to endorse Peking's claim to sovereignty over Taiwan because it would "be tacit recognition that the People's Republic of China was the only lawful Chinese government."

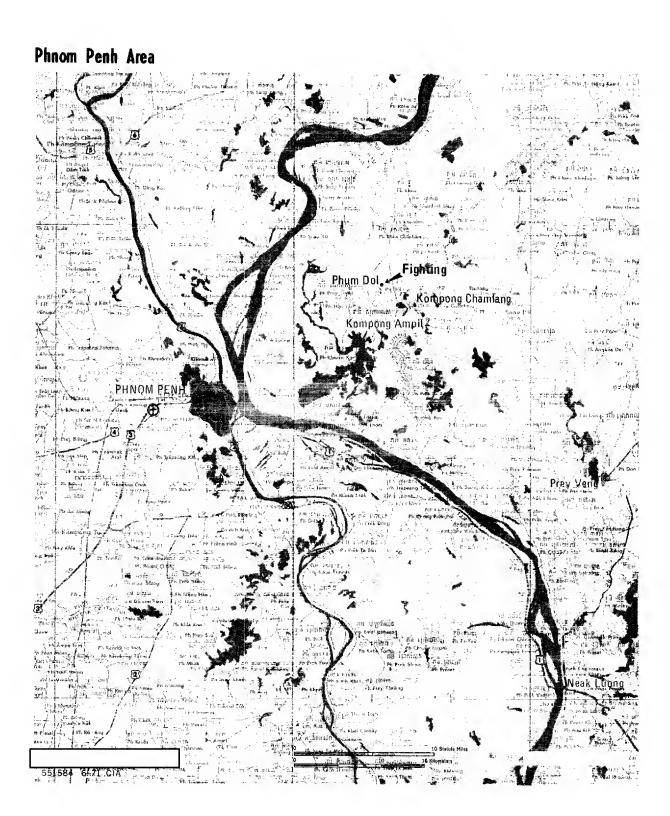
Chou's remarks do not signal a change in Peking's long-standing position that the island's status is strictly an internal matter to be settled by the Chinese. Chou completely rejected the notion of "two Chinas, or one China one Taiwan"--formulations which have long been anathema to Peking. His carefully tailored remarks on Sino-US differences, however, were meant to suggest that these differences were relatively narrow and could be solved without a complete overturn of established US positions. For example, Chou continued to avoid mention of the US defense treaty with the Nationalist government.

At the same time, Chou was careful to stress that Sino-US contacts would continue to develop--at least on an unofficial level--even in the absence of an agreement on Taiwan. He stated that a Chinese table tennis team was preparing to be the first to go to the US, and said that his government was also considering sending the Peking Opera Ballet. Chou implied, however, that details of these and other exchanges were still to be worked out, which suggests in part that the overwhelmingly favorable response to its "people's diplomacy" vis-a-vis the US has taken Peking somewhat by surprise. (continued)

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The generally mild and reasonable tenor of Chou's statements is clearly part of an attempt by the Chinese to improve further the atmospherics surrounding Sino-US bilateral issues. At the same time, Peking is not giving anything away on the Taiwan issue, and Chinese statements—both private and public—make it clear that this issue will continue to be the first order of business between the two governments as far as Peking is concerned.



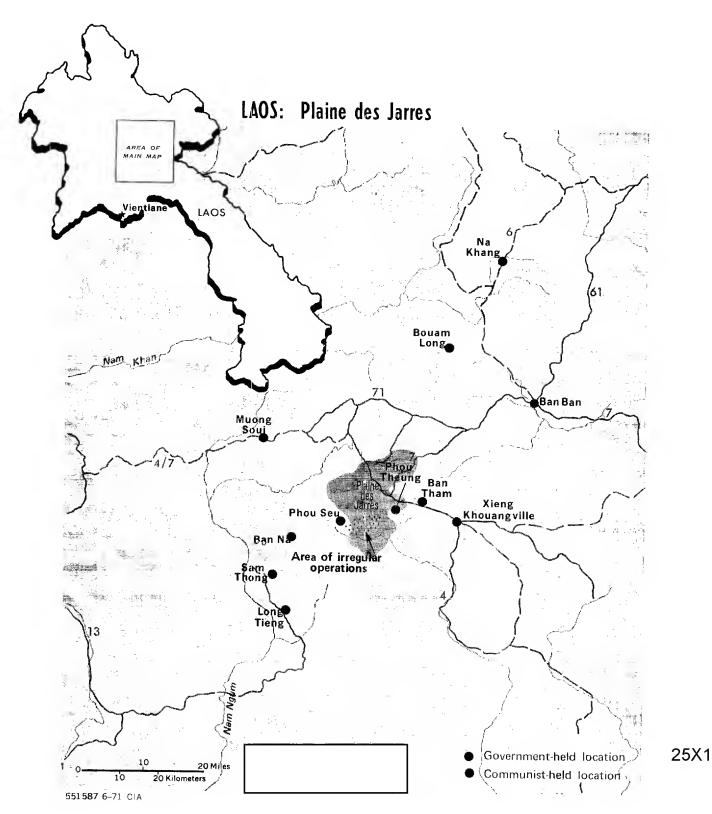
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CAMBODIA: Government forces are making some headway in their campaign against the Communists northeast of Phnom Penh.

Troops from a Khmer Krom brigade linked up with elements of the two besieged government battalions at Kompong Chamlang yesterday. Before breaking through, however, the Khmer Krom soldiers encountered stiff enemy resistance near the village of Phum Dol, a few miles northwest of Kompong Chamlang. According to another report, the two government battalions at nearby Kompong Ampil abandoned their positions on 20 June and moved to Kompong Chamlang.

Preliminary casualty information indicates six government troops were killed and some 60 wounded-including a Khmer Krom regimental commander--in fighting on 22 and 23 June, while Communist losses were estimated to be nearly 150 killed.

Captured documents indicate that the head-
quarters of the 272nd Regiment of the Communist 9th
Division had been located in the vicinity of Phum
Dol. The Khmer Krom evidently occupied the regi-
ment's former command post yesterday, capturing some
munitions and other supplies.



LAOS: Vang Pao's irregular task forces are continuing to make gains on the southern Plaine des Jarres.

On 18 June the irregulars took the summit of Phou Theung on the southeastern edge of the Plaine. This is a commanding position from which the irregulars can direct air and artillery fire on Communist positions on the Plaine and along Route 4 and from which they can move into the lowlands and hills along the eastern portion of the Plaine. Other irregular units have moved northward to take several high ground positions in the south-central Plaine and have also destroyed numerous enemy supply caches.

In moving across the Plaine, Vang Pao intends in part to protect the flank of other irregular units that have been unsuccessfully attempting to take Phou Seu on the Plaine's western edge.

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NORTH VIETNAM: The rice crop harvested in May-June may be the largest since 1965.

A recent communiqué from the central agricultural organization claims that the portion of the rice acreage planted in high yielding rice seedlings for this harvest is nearly triple that of last year. Total acreage devoted to this fifth month rice crop, as well as to subsidiary and industrial crops, is also reported to have been substantially increased. The prospect for a larger crop has been further enhanced by a doubling of fertilizer imports this year and increased efforts to improve agricultural management and efficiency. Taken together, these improvements could raise the fifth month rice crop to 1.6 million tons, a 14-percent increase over 1970 and 100,000 tons greater than 1965.

Rice output this year from all harvests could equal the 4.5 million-ton level of 1965 if the main rice crop harvested in the fall fares as well as the fifth month crop. Rice rationing and large food imports from the Soviet Union and Communist China are expected to continue for some time, however.

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JORDAN: Prime Minister Wasfi Tal plans to use the "urban redevelopment" of Amman as a means of dealing with the security problem created by large concentrations of refugees.

Almost half of Amman's population is composed of refugees from the 1948 and 1967 fighting who live in congested one-room dwellings. Tal, who takes an extreme position against the fedayeen, hopes to resettle one third of the city's population--almost all of whom would be Palestinians--in new or underpopulated suburban centers.

The idea also makes sense from a strictly civic point of view. There is a severe water shortage in the city with little capacity for any increase, electricity and telephones are in short supply, public transportation is strained, and downtown business areas are crowded.

So far, the redevelopment scheme has involved only bulldozing a few buildings in a slum district that had been the site of past fedayeen arms caches. Fedayeen propaganda has already reacted strongly, however, charging that the Tal government has begun razing the refugee camps and Palestinian settlements in Amman, leaving the residents homeless. In fact, the displaced persons have been resettled, apparently in better accommodations, outside the city. Given the explosiveness of the issue, however, and the likelihood that the fedayeen will cry "liquidation" with every step, it is far from certain that Tal will be able to complete his ambitious project.

POLAND: Parliament's appointment on Tuesday of hard-line polithuro member Mieczyslaw Moczar to an innocuous post in the state apparatus marks another step in the consolidation of political control by party leader Gierek.

Moczar's appointment to the chairmanship of the Supreme Chamber of Control, a politically uninfluential body, signals the political retirement of a man, once the boss of the military and security apparatus, who was long regarded as the rival of former party leader Gomulka. This move means that Moczar will almost certainly lose one or both of his top party posts—membership in the politburo and the secretariat—at the central committee plenum to be held today and tomorrow. Reference to Moczar's politburo status at the parliamentary session, however, suggests that Gierek may retain him temporarily on that body, possibly until the party congress scheduled for the turn of the year.

The party plenum's action will be a logical follow-up to Moczar's decline earlier this year after he suffered a heart seizure and was deprived of his secretariat responsibilities for the military and security apparatus. These responsibilities have been assumed by a recently appointed party secretary, Kania. He and his patron, politburo member and Defense Minister Jaruzelski, are likely to have a bright political future in the Gierek regime.

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UN - SOUTH AFRICA: The recent advisory opinion of the International Court of Justice assures that South-West Africa will remain a divisive and intractable issue on the UN's agenda.

The court not only upheld the competence of the UN to deal with the question, but also endorsed the legality of the various decisions it has taken in recent years to divest South Africa of its authority over the territory. In particular, the court held that the UN General Assembly has supervisory rights in the territory, that it had the power to terminate South Africa's mandate in 1966, and that the measures approved by the Security Council since then to force South Africa to withdraw are legally binding.

These findings are certain to spur the main opponents of South Africa's continued administration of the territory to new efforts to find ways of bringing it to an end. A variety of economic and possibly military sanctions is likely to be proposed and the idea of some kind of internationally conducted plebiscite in the territory may be pursued. The Organization of African Unity has decided to request an extraordinary session of the Security Council and to send a high-level delegation to it to make the case against South Africa.

South Africa will try to ignore pressure from the UN, however. Prime Minister Vorster, on nation-wide radio, emphatically rejected the court's decision. He charged that the ruling was a political one and not legally binding in any event. According to the US Embassy in Capetown, Vorster may be considering holding a South African - run plebiscite in South-West Africa or even incorporating the territory into the republic in defiance of the court. A third possibility is that South Africa may take steps which would give an impression of greater self-government in South-West Africa.

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PERU: Foreign Minister Mercado is worried that a discriminatory reduction of Peru's US sugar quota would seriously weaken the position of the moderates in Velasco's cabinet.

In asking the US ambassador for high-level support for the Peruvian sugar quota in congressional hearings, Mercado noted that the moderates in the Peruvian Government had recently improved their position but could be undercut easily. He said that a reduction in Peru's quota, beyond that already proposed as part of a general cut, would be viewed in government circles as a personal failure for him and as evidence that the US continues to oppose the Peruvian revolution. In contrast, the new credits from the Soviet Union and Eastern Europe and the recent fishmeal purchases by Communist China and Cuba would be portrayed as support for the revolution.

As an example of recent gains by moderates in government councils, Mercado told US Ambassador Belcher that the government would withdraw recognition from the Communist-led labor confederation within the next day or two. This would eliminate the legal status of the confederation, which has publicly supported the Velasco government, but at the same time has been responsible for a series of lengthy strikes that have seriously cut back copper production at US-owned mines.

Mercado also noted that with considerab	le dif-			
ficulty the moderates had convinced the cabin				
approve the signing of an oil exploration con				
with a US firm. This is part of a new Peruvian				
policy to open the vast jungle area east of the				
Andes to oil exploration and exploitation by				
eign companies on generally favorable terms.				

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LEBANON-USSR: Lebanon's minister of defense has accepted a Soviet invitation to visit Moscow in mid-July to discuss the types of ground forces equipment that Beirut has been seeking. Over the past month the Beirut press has been alluding to the possibility of an agreement with the USSR, probably
in the hope of facilitating the supply of US arms to Lebanon. Beirut has rebuffed Soviet offers in the past and is believed to prefer Western sources of material for its security forces.

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GUINEA: A cabinet reshuffle and a new wave of arrests have resulted from recent disclosures by a high-level government commission that has been investigating the foreign-backed attacks on Guinea last November. The commission's attention has focused on an alleged fifth column of Guineans it contends are in the pay of West Germany and the French intelligence service headed by Jacques Foccart. Conakry continues to claim that these European powers, along with Portugal, are planning a new invasion of Guinea. One of the commission's allegations -- that only one quarter of the "traitors" were dealt with by the tribunal last January that sentenced over 150 Guineans to death or life at hard labor--suggests that arrests will continue, possibly leading to a second public trial.

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